1 December 2016

Essential Asia

National Australia Bank

In this issue

Waiting for Trump

Talking Points

- **Asian currencies are facing greater headwinds from a firmer USD and risk of a hostile global trade environment from an anti-trade Trump administration.**
- **Chinese authorities have shown a steady hand with their management of the RMB and that has probably helped keep markets relatively calm.**
- **Korea and India see domestic events take the spotlight for their respective currencies; expect both to continue for some time.**
- **We have revised upward our Asian currencies forecasts to reflect the trifecta of Trump-related risks.**

Recent Reports

- 29 November 2016 – China Economic Update
- 24 November 2016 – Asia Dashboard: Malaysia
- 09 November 2016 – Asia Dashboard: Asia
- 01 November 2016 – FX Trade Idea: USD/KRW

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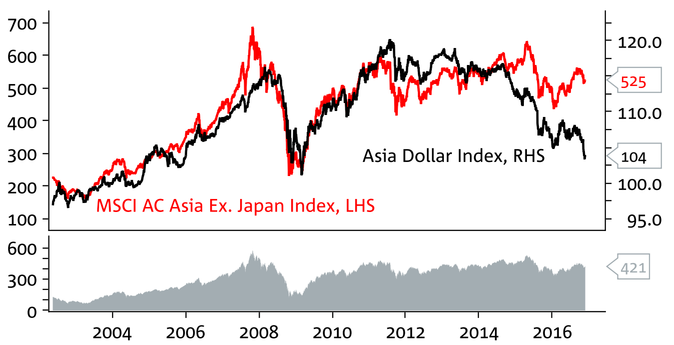
Trade recommendations

Entry Date	Currency pair	Recommendation	Opening level	Target	Stop
Nov 01	USD/KRW 6m NDF	Long	1140.15 (spot ref 1139.77	1220	1110

Chart of the month



Source: National Australia Bank, Macrobond

Asia Policy Rates

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Korea	1.50	1.25	1.25	1.25	1.00	1.00	1.00	1.00
Thailand	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Malaysia	3.25	3.25	3.00	3.00	2.75	2.75	2.75	3.00
India	6.75	6.50	5.00	4.75	4.75	4.75	4.75	5.00
Indonesia	5.50	5.25	5.00	4.75	4.75	4.75	4.75	4.75
China	4.35	4.35	4.35	4.35	4.35	4.10	4.10	4.10

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Heading for "An Unnecessary War"?

- **Asian currencies are facing greater headwinds from a firmer USD and risk of a hostile global trade environment from an anti-trade Trump administration.**
- **The real prospect of narrower interest rate differentials with the U.S. as Asia persists on the path of loose fiscal, neutral to loose monetary policies may exert more downward pressure on Asian currencies.**
- **Accordingly, we have revised upward our Asian currencies forecasts to reflect the trifecta of Trump-related risks.**

The Trump victory in the US triggered a return in risk appetite and USD vigour. Although there undoubtedly are market concerns about impending trade war with China, various domestic events have obscured that for now. Trump's threats during his election campaigns about labelling China as a currency manipulator remains one of the key highlights going forward, even though this has interestingly been missing from his post-election speeches thus far. Undoubtedly, his affirmation of withdrawing the US from TPP is a way of highlighting that his administration and policies will prioritise trade issues, among other things, and so markets stand prepared for him to act on China.

China won't be alone in the currency manipulator camp

In the last US Treasury report to Congress in October, several economies were mentioned as having met one or two out of three conditions that may lead to a currency manipulator label. China met one of the three criteria, namely having a strong trade surplus with the U.S., but did not meet the other two, which are persistently high current account surplus (threshold of 3% of GDP) and intervention in FX. Should China gets labelled "forcibly" based on "technicalities", it may implicate other economies like Switzerland, Germany, Korea, Taiwan and Japan as these met one or two of the conditions as well. We are cognisant that renewed discussions on this alone may exert a market impact and possibly manifest into further CNY weakness, as it did during 2010, when the CNY NEER fell 5% as the Republican Congress tried to separately put the label on China. This may in turn drag the other Asian currencies along.

Taking the "Trump tantrum" risks a notch higher to trade tariffs imposition, and to the 45% level as mentioned by President-elect Trump, estimates were that this could reduce China's exports to the U.S. by 60-70%, which is equivalent to about 2.5% of Chinese GDP. Understandably, given second round effects on investment and consumption, the actual impact could be even larger. The bigger picture is that U.S. tariffs against China, Mexico and other countries could trigger a trade war, with deep negative consequences for U.S. and global growth.

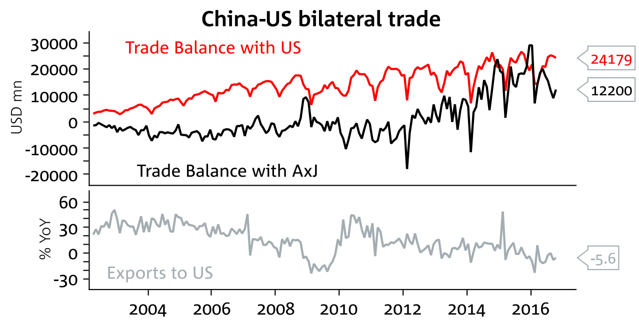
Headwinds from policy differentiation are brewing

Taking into consideration the Fed's hike in December to be a near-certainty and should Trump's fiscal policies succeed in inflating the U.S. economy, Asia may not yet be on a sufficiently firm footing for policy normalisation. Excluding China and India, Asia's growth prospects are flat at around 3.5% for the next two years and the U.S. fed's baseline scenario for Asia is similar at 6.5% GDP (including China and India), while inflation stays flat at 3.4%. While some Asian economies like Korea and Thailand have lowered policy rates to historical lows, our current assessment of the inflation and growth profiles has most of the Asian economies still having lower than average inflation and growth performances. Hence, we still expect some room for further policy loosening, unless growth surprises on the upside or the U.S. economic recovery happens earlier than expected. Nevertheless, markets have been slow and hesitant about pricing in more Fed hikes next year, with risks tilted to the upside and potentially manifesting in even firmer USD momentum.

One of Trump's promises along the line of corporate tax reform and potentially incentives for US profits repatriation could have meaningful impact on the USD. Our G10 strategists suggest that ballpark estimates based on certain assumptions could imply a direct FX flow of US$250-500bn (refer to FX Strategy report titled US profits repatriation and the dollar: Much ado about something, 22 November). This may have some positive USD impact.

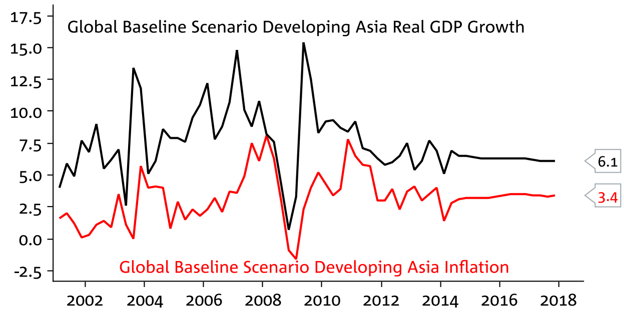
Accordingly, we have revised upward our Asian currencies forecasts to reflect the trifecta of Trumpenomics-led trade war risks, rising global USD and lacklustre growth and inflation environment in Asia triggering policy differentiation with the U.S.

Chart 1: US still the bigger trade partner



Source: National Australia Bank, Macrobond

Chart 2: Growth projected to be fairly flat



Source: National Australia Bank, Macrobond, Federal Reserve

China Spotlight: Trump-antics risk coming to roost

- **The surprise Trump victory alters the landscape for CNY prospects. The bias for greater risk premium surrounding potential trade war means a firmer USD/CNY profile than initially projected.**
- **The CNY could yet be subjected to tighter management from the authorities; movement against the USD will be countered by the rest of the CFETS basket.**

USD/CNY and USD/CNH have risen steadily since Trump's surprise win, tracking but lagging the overall firmer USD trend. The DXY rose over 5% since US election results, while USD/CNY and USD/CNH rose 1.4% and 1.5% respectively. All said, the adjustments have been quite orderly, and could partially be related to some optimism related to the prospects of increased fiscal spending during Trump presidency. However, the market appears to be still treating the naming of China as a currency manipulator as a tail risk; NAB's view is that the risk is somewhat higher than that. Mere speculation of a trade war could send the USD/CNY to around 7.2 as market starts to price in this risk premium.

With the bullish USD sentiment now visibly fortified, the steady hand that the PBoC is showing is not just helping keep the USD/CNY market calm, but also potentially helping to keep panic away from the broader USD/Asia market. We have pushed back our expectation of a rate cut to Q2 2017 due to the authorities' concern about the frothy property sector and the temporary boost from fiscal spending.

Heat is on but no extreme measures yet

While the heat on China is expected to intensify, the Chinese authorities may not react in haste. Even the path to labelling China as a currency manipulator may not be straightforward. As noted in the April 2016 US Treasury report, the US Treasury has created a "Monitoring List" based on three criteria and an economy is added when it meets two out of three criteria and will remain for at least two consecutive reports:

(1) a significant bilateral trade surplus with the US,

(2) a material current account surplus, and

(3) engaged in persistent one-sided intervention in the foreign exchange market.

Six major trading partners of the US were included in the April 2016 report and they are China, Japan, Korea, Taiwan, Germany and Switzerland. China met two out of the three criteria in April 2016 (1 and 2) but only one (1) in the latest October 2016 report as its current account surplus has fallen below 3% of GDP. It is noteworthy that the others continued to meet two out of three criteria, so it appears that to name China a currency manipulator may also mean naming the others along with it.

Considered in isolation, Trump's proposal of a 45% tariff could reduce China's exports to the U.S. by 60 percent to 70%, equal to about 2.5% of Chinese GDP. Given second round effects on investment and consumption, the actual impact could be even larger.

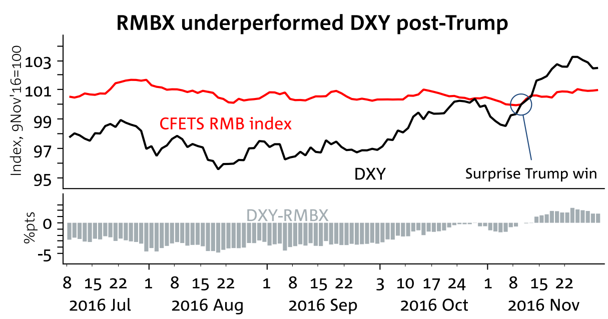
PBoC shows a steady hand so far

As we potentially enter into unchartered territory for both US-China trade relations and RMB management, it is worth remembering that Beijing still has its own plans for the RMB's internationalisation. This means that the authorities will need to contain volatility in the RMB but also try and demonstrate that there is a management regime in place for the RMB. For now, and probably for a significant stretch of 2017, the regime seems likely to be simply to keep the CFETS RMB index stable around the current level. The USD/CNY fixings over the final days of November seem to suggest that the authorities are quite comfortable with the RMB index outperforming the DXY during periods of USD weakness but underperform during periods of USD strength. Keeping the RMB index stable though would mean the RMB would need to appreciate against the rest of the basket, especially the EM portion, in periods of USD strength, and vice versa.

With Donald Trump set to be inaugurated on 20 January 2017, any moves towards naming China a currency manipulator will probably happen in Q1 2017, with the speculation on the fallout likely to ramp up all through H1 2017. The USD/CNY would then likely climb towards 7.2 and hover around there through much of H2 2017, although the CFETS RMB index would actually bottom in Q2 2017.

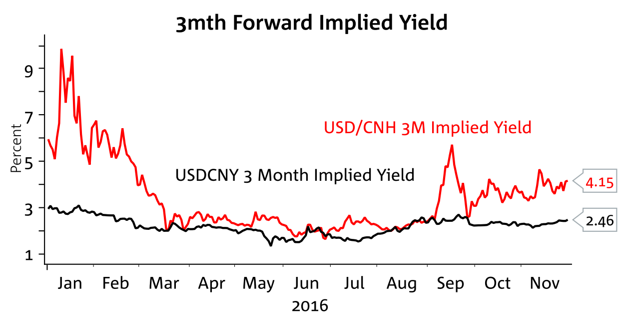
One possible surprise concern that might emerge in late 2017 is the selection of successors to both President Xi Jinping and Premier Li Keqiang. While typically well-choreographed, some amount of political tension is still possible.

Chart 1: The altered FX landscape post Trump



Source: National Australia Bank, Macrobond

Chart 2: CNH has seen increaseed pressure



Source: National Australia Bank, Bloomberg, Macrobond

Korea Spotlight: Korean drama goes political

- **The Samsung debacle has been replaced by an ever growing political scandal that now goes to the very top.**
- **President Park looks set to try and tough this one out, potentially dragging out the political impasse.**
- **The fear that the political trouble will cripple the government's ability to handle fiscal policy could see portfolio flows suffer more than with other Asian markets.**

The ongoing political impasse that has transfixed the nation now threatens to seriously damage market confidence in the government's ability to manage its economic policy, including the fiscal stimulus that the economy has been dependent on in the last few months.

Right up until the 21st of November, the KRW had been the second worst performer in EM Asia in the month, behind the MYR. Undoubtedly, the Samsung debacle plus the influence peddling scandal have severely undermined investor confidence, leading to the sharp sell-off in the KRW.

Since the 21st, the KRW has recovered somewhat, but is still set to end the month as the third worst, behind the 2 oil-dependent currencies. However, with President Park looking to hold out against resigning, the political impasse is set to continue to undermine confidence and keep the KRW as a regional underperformer. Our long USD/KRW recommendation targeting 1220 on the spot appears to still be very much viable.

Just when you thought it couldn't get worse...

Following estimates of a USD 3billion hole in Samsung's profits, the concerns surrounding the expected KRW 14.3trillion additional fiscal spending for next year, will be a potential hammer blow for confidence. The scandal has already seen President Park Geun-hye forced to replace her prime minister and finance minister. Although neither were implicated in the scandal, the uncertainty in the finance minister position undermines the government's ability to coherently conduct its fiscal policy.

In essence, the scandal sprang forth from a close friend of Park, Choi Soon-sil. Choi is alleged to have used her connection to Park to meddle in state affairs and sell classified information to fund a lavish lifestyle.

Despite these concessions, public anger at Park has not abated and huge demonstrations have been held in the capital almost daily. As the investigation continued through the month, it's ensnared presidential staffers, business heads (who are alleged to have given money to Choi) and finally Park herself – prosecutors have alleged that Park "colluded" in the influence-peddling.

No end in sight

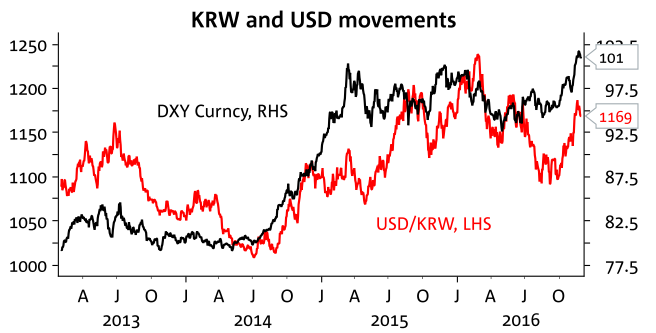
Park has as yet shown little sign of giving in to the pressure to resign. Although she has agreed to be questioned by prosecutors, she has also asked for more time to prepare. The latest development is that she has said that she is prepared to let parliament decide her fate, which suggests some sort of impeachment trial is in the offing.

South Korea's constitution requires a two-thirds vote in the 300 seat parliament for a president to be impeached. The 3 opposition parties control 165 seats and Park's Saenuri Party has 129 seats; 6 seats are held by independents. However, 35 members of her party are from a renegade faction and 32 of them have openly called for Park to resign.

If the National Assembly proposes an impeachment, the Constitutional Court will decide the case and decide within 180 days. At least 7 judges are required to try the case and at least 6 have to support the impeachment. Upon impeachment, elections have to be held within 60 days.

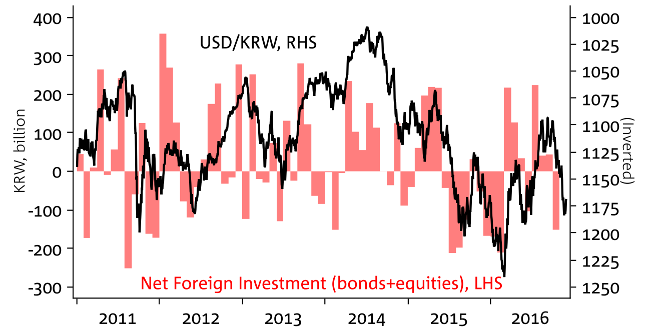
Short of a resignation by Park, a long drawn out political drama is in the offing. With things finely balanced in the National Assembly, Park might be tempted to try her luck and try to ride out this scandal. Such uncertainty will very likely do severe damage to investor confidence and keep the KRW near the bottom of the Asian leader board for a while yet.

Chart 1: KRW strength losing power



Source: National Australia Bank, Macrobond

Chart 2: KRW largely driven by portfolio flows



Source: National Australia Bank, Macrobond

India Spotlight: Stumbling in the right direction

- **The INR has proved to be reasonably resilient despite the shock demonetisation move that most agree is a negative largely in the short term.**
- **Going forward, the RBI will continue to keep the USD/INR rise in line with the regional trend**
- **A rate cut at its 7 Dec meeting is likely to cushion the near term damage to the economy.**

Just as India looked likely to avoid the ghost of its past fragility, policy makers managed to conjure up a big shock that's spooked the markets somewhat. Although currently restricted largely to the equity markets, the impact of the demonetisation effort could spread to the currency as well if it turns out that the disruption to the economy might be severe.

At its heart, the demonetisation is well-intentioned. The near term risk of disruption to the economy is weighed against the benefits of increased financial inclusion and increased tax revenues. The immediate question is how successful the authorities will be a minimizing the near term negatives.

Further out, the structural benefits of demonetisation are more questionable if not accompanied by deeper reforms elsewhere. However, the immediate benefits of greater financial inclusion and greater tax revenue are likely to be real, to some degree.

Out with the old.....

Our onshore colleagues have produced a detailed and very informative write-up on the minutia of the measure in a report entitled "India's Demonetisation Exercise – A Study". In essence, the government announced on 8 November that INR500 and INR1000 notes will cease to be legal tender from 31st December 2016 onwards and new INR500 and INR2000 will be introduced. The public has until then to exchange their holdings of those notes at designated locations for new ones (up to INR 4500 per customer) with the rest being deposited into bank accounts.

In their report, our colleagues have noted that the RBI estimates that the two denominations accounted for 86.4% of all notes in circulation as of March 2016. The Ministry of Finance noted two key goals of this demonetisation measure: (1) Reduce counterfeit currency notes in circulation, and (2) reduce the use of these notes as stores of unaccounted wealth.

The endeavour though has been blighted by problems with execution – inconsistencies, flip flops and bad timing – and these are undermining confidence in the wisdom of the underlying plan.

A bitter but necessary pill

Aside from these execution issues, a greater push towards greater financial inclusion has been on the cards for the RBI for some time now. It holds out the potential for substantial benefits for the Indian economy and consumer in the medium term. India currently has a relatively low velocity of money: comparing with Indonesia, for which consumption accounts for a comparable share of GDP, the velocity of both currency and M1 for example, are both significantly lower.

Pushing more cash-based wealth into the banking sector also has the benefit of bringing the grey economy into the light and boosting tax revenues. A 2010 World Bank study estimated the grey economy at 20% of GDP and a 2013 McKinsey study estimated it at 26%. Correspondingly, India's tax-to-GDP ratio is a low 7.7% compared to 10.7% for Indonesia and 14.5% for Brazil.

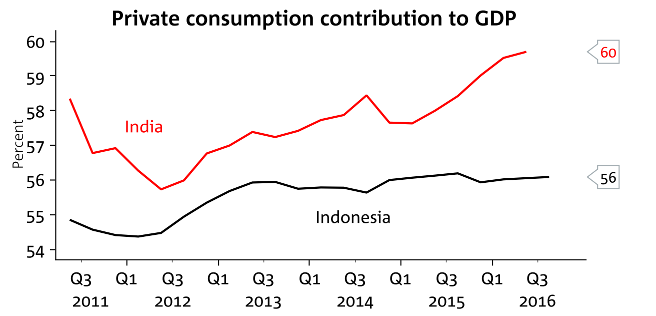
Ultimately, the demonetisation is part of a broader move to transition the Indian economy away from cash based to one that relies more on electronic payments; pushing consumers to using banks rather than cash to store their savings is just one step in that process. The teething problems that are continuing to unfold perhaps should not be surprising.

Pushing through the pain

The authorities are very likely to persist despite the hiccups, but continued tinkering should be expected. Relaxations of some of the more draconian punitive aspects of the might be seen but a reversal of this policy move will ultimately prove more costly.

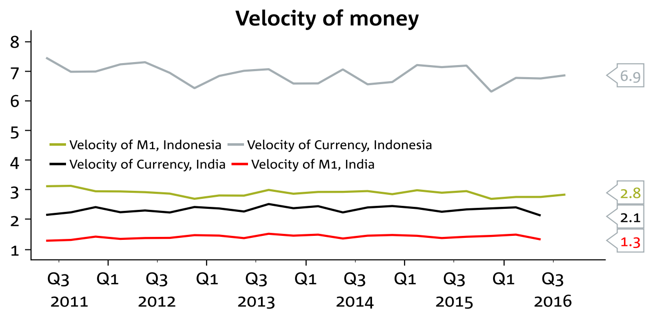
To negate the potential negative impact on the economy, the RBI could well ease at the 7 December meeting. Additionally, continued support of the INR is also likely to keep its trajectory in line with regional counterparts.

Chart 1: For a consumption based economy...



Source: National Australia Bank, Macrobond

Chart 2: Efficiency of transactions remains low



Source: National Australia Bank, Macrobond

Singapore Spotlight: The calm before the storm

- **The effect of the US election surprise and a slew of risk events to come will likely to keep MAS alert but also cautious about using its ammunition.**
- **Weak global growth and interest rate uncertainty weigh on Singapore's financial sector.**
- **Final Q3 GDP growth was revised up on back of strong manufacturing in September all major sectors see sequential contractions.**
- **Going into 2017, the main event risk will be the US-China relations and the "currency manipulator" issue.**

The upward revision of the advance estimate for Q3 GDP growth on the back of a strong showing by manufacturing in September somewhat vindicates the MAS' decision to keep its policy stance unchanged in October. However, the central bank is likely to be ready to act if any of the any of the upcoming risk events do turn into major external shocks.

Going forward, the likely December rate hike in the US will probably not have too great an impact on the market and what the MAS will probably be bracing for will be the incoming Trump administration and whether or not the new president will make good on his threat to name China a "currency manipulator".

With the S$NEER hovering slightly below the mid-point on the policy band, the MAS is likely to be fairly comfortable with the way things are, for now.

Making peace with slowing growth

The positive Q3 GDP revision and the improvement in China's economic numbers should provide the MAS with some breathing room. However, growth still looks like it will remain on the slide. All major sectors saw sequential contractions in Q3, with services (the main economic driver in previous years) now having seen 3 consecutive negative QoQ growth rates. The Department of Statistics' business expectations survey suggests that the major segments within the services sector are bracing for a tough 6 months ahead, both in terms of operating receipts and employment.

However, with the policy setting already at the loosest setting that MAS is probably willing to adopt in a non-crisis situation, and unemployment still at a fairly low level, there is no immediate need for the MAS to act in the near term.

The only policy options available seem to be an increase in fiscal spending and a relaxation of macroprudential restrictions on the property sector. Neither is likely however, given that fiscal policy is already quite expansionary and the authorities are still leery of bad debts and defaults rising in property sector loans, especially with interest rates set to climb. With the oil and gas sector already posing some risk to the banking sector, the authorities will be keen to avoid additional stress from the property sector.

Inflation still a concern

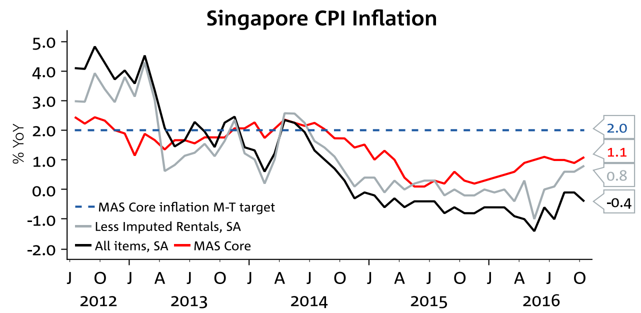
Inflation is probably another statistic that the MAS will keep an eye on, even if it is still quite benign. The MAS Core inflation measure continues to edge higher and headline inflation is likely to have bottomed, with the contribution from the energy prices turning positive.

The Trump drag

Going into 2017, the main risk for the SGD is likely to be both the extent of USD/Asia strength and more specifically the extent of the USD/CNY rise. Given our view that the naming of China as a currency manipulator, with all its attendant fallouts, is more than a mere tail-risk, there is scope for the USD/CNY to head to 7.2, as the market starts to price in significant risk of trade sanctions being applied by both sides. The prospect of a trade war will likely see a sharp adjustment in growth expectations and a corresponding withdrawal of portfolio investment in Asia.

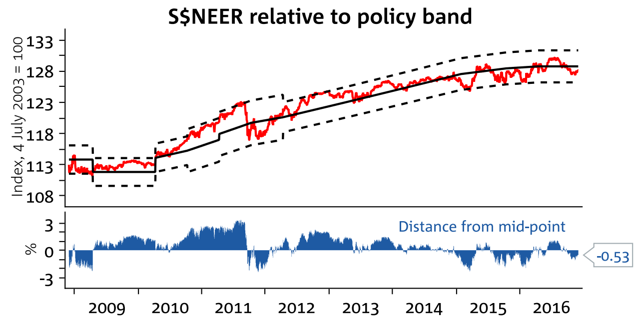
As a key regional financial centre, the SGD could see an outsized impact and the USD/CNY surge could drag the USD/SGD along to a high of around 1.55 around Q3 2017.

Chart 1: Core inflation continues to creep higher



Source: National Australia Bank, Macrobond

Chart 2: S$NEER hovers in the lower half



Source: National Australia Bank, Bloomberg, Macrobond

Selected Indicators

Table 1: NAB Asian FX Forecasts

		Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18		Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18
New	USD/CNY	6.95	7.20	7.24	7.18	7.17	7.18	7.16	7.15	AUD/CNY	5.21	5.26	5.21	5.03	5.02	4.95	4.87	4.86
Old		6.70	6.70	6.68	6.65	6.65	6.65	6.63	6.60		5.03	4.89	4.81	4.66	4.66	4.59	4.51	4.49
New	USD/IDR	13600	14000	14100	14200	14100	14000	13800	13700	AUD/IDR	10200	10220	10152	9940	9870	9660	9384	9316
Old		13300	13400	13400	13400	13300	13200	13150	13100		9975	9782	9648	9380	9310	9108	8942	8908
New	USD/INR	68.5	69.0	69.0	68.5	68.2	68.2	68.0	67.8	AUD/INR	51.4	50.4	49.7	48.0	47.7	47.1	46.2	46.1
Old		66.5	66.2	65.5	64.5	63.5	62.5	62.0	61.0		49.9	48.3	47.2	45.2	44.5	43.1	42.2	41.5
New	USD/KRW	1180	1250	1280	1250	1240	1240	1220	1180	AUD/KRW	885	913	922	875	868	856	830	802
Old		1150	1180	1180	1180	1150	1100	1100	1100		863	861	850	826	805	759	748	748
New	USD/MYR	4.50	4.65	4.75	4.85	4.85	4.80	4.75	4.68	AUD/MYR	3.38	3.39	3.42	3.40	3.40	3.31	3.23	3.18
Old		4.15	4.30	4.40	4.38	4.35	4.30	4.30	4.30		3.11	3.14	3.17	3.07	3.05	2.97	2.92	2.92
New	USD/PHP	49.8	50.5	51.0	51.5	51.0	50.2	49.5	49.0	AUD/PHP	37.4	36.9	36.7	36.1	35.7	34.6	33.7	33.3
Old		46.5	46.5	46.4	46.2	46.0	46.0	45.5	45.5		34.9	33.9	33.4	32.3	32.2	31.7	30.9	30.9
New	USD/SGD	1.450	1.500	1.520	1.550	1.545	1.535	1.520	1.495	AUD/SGD	1.09	1.10	1.09	1.09	1.08	1.06	1.03	1.02
Old		1.380	1.380	1.375	1.375	1.370	1.365	1.360	1.360		1.04	1.01	0.99	0.96	0.96	0.94	0.92	0.92
New	USD/THB	36.0	36.5	37.0	37.5	38.0	38.5	38.5	38.5	AUD/THB	27.0	26.6	26.6	26.3	26.6	26.6	26.2	26.2
Old		35.0	35.0	35.5	36.0	36.5	37.0	36.5	36.5		26.3	25.6	25.6	25.2	25.6	25.5	24.8	24.8
New	USD/TWD	32.8	33.3	33.6	33.5	33.4	33.3	33.1	33.0	AUD/TWD	24.6	24.3	24.2	23.5	23.4	23.0	22.5	22.4
Old		32.0	32.2	32.5	32.5	32.5	32.0	32.0	31.5		24.0	23.5	23.4	22.8	22.8	22.1	21.8	21.4

Table 2: NAB Key FX Forecasts

		Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Australian Dollar	AUD/USD	0.75	0.73	0.72	0.70	0.70	0.69	0.68	0.68
New Zealand Dollar	NZD/USD	0.72	0.70	0.68	0.67	0.67	0.68	0.68	0.69
Japanese yen	USD/JPY	110	112	114	113	112	110	109	108
Euro	EUR/USD	1.02	0.98	1.00	1.02	1.04	1.05	1.06	1.08
British Pound	GBP/USD	1.23	1.21	1.20	1.19	1.20	1.20	1.21	1.22
Swiss Franc	USD/CHF	1.06	1.05	1.06	1.06	1.06	1.06	1.07	1.07
Canadian Dollar	USD/CAD	1.35	1.37	1.38	1.42	1.43	1.42	1.42	1.41
Chinese New Yuan	USD/CNY	6.95	7.20	7.24	7.18	7.17	7.18	7.16	7.15

Table 3: NAB Asia Macro Forecasts

	2013	2014	2015	2016	2017
Hong Kong	3.1	2.7	2.5	1.4	1.4
Indonesia	5.6	5.0	4.8	4.9	4.9
Singapore	4.6	3.3	2.0	2.7	2.7
Taiwan	2.2	3.9	0.7	0.3	0.3
Thailand	2.7	0.8	2.8	3.7	3.7
Malaysia	4.7	6.0	5.0	4.3	4.3
S Korea	2.9	3.3	2.6	2.7	2.7
Philippines	7.1	6.2	5.9	6.0	6.0
Total	**4.2**	**4.1**	**3.5**	**3.5**	**3.5**
China	7.7	7.3	6.9	6.7	6.5
India	6.3	7.0	7.2	7.7	7.7

Table 4: NAB Key Macro Forecasts

Country/region	2011	2012	2013	2014	2015	2016	2017
United States	1.6	2.2	1.7	2.4	2.6	1.5	2.1
Japan	-0.4	1.7	1.4	-0.1	0.6	0.5	0.6
Euro-zone	1.6	-0.8	-0.3	0.9	1.6	1.4	1.1
United Kingdom	1.5	1.3	1.9	3.1	2.2	1.6	0.6
Emerging Asia	4.4	4.6	4.2	4.1	3.5	3.6	3.6
Latin America	4.5	2.3	2.5	0.4	-0.6	-0.9	0.9
China	9.5	7.7	7.7	7.3	6.9	6.6	6.5
Canada	3.1	1.7	2.2	2.5	1.1	1.4	1.9
Australia	2.7	3.5	2.0	2.7	2.5	2.9	2.9
New Zealand	1.8	2.4	2.4	3.7	2.5	2.9	2.9
India	7.9	5.9	6.4	7.0	7.2	7.7	7.7
Africa	5.4	4.4	5.2	5.1	3.3	1.6	3.0
Eastern Europe	5.4	1.4	2.9	2.8	3.5	3.1	2.8
Middle East	3.9	4.8	2.4	2.8	2.3	2.3	1.8
Other advanced	3.3	2.0	2.2	2.8	2.5	2.4	2.5
World	**4.43**	**3.47**	**3.33**	**3.34**	**2.99**	**2.76**	**3.02**

Source all tables: National Australia Bank

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